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[REDACTED]
[REDACTED]
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OP:E:EO:T:3

MAR 30 1999

Employer Identification Number: [REDACTED]

Form: 1120

Tax Years: [REDACTED]

Dear Applicant:

This letter constitutes a final adverse ruling with respect to your claim of exemption from federal income taxation under section 501(c)(15) of the Internal Revenue Code.

We make our ruling for the following reason(s):

Your sole business is indemnifying the risks of your owner's automobile dealership under service contracts on which the dealership is liable. Thus, your business lacks one of the principal elements of insurance, risk-shifting. Moreover, your business activities are similar to the business activities of the subsidiary described in Situation 2 of Rev. Rul. 77-316, 1977-2 C.B. 53, whose primary and predominant business activity was held not to be that of an insurance company. Consequently, because you are not an insurance company or association, you do not meet the statutory requirements for exemption under 501(c)(15) of the Code.

The Code and the regulations issued thereunder require that you file federal income tax returns. Based upon the financial information that you furnished, you should file returns on the form and for the tax years indicated above within 30 days from the date of this letter, unless you request and are granted an extension of time to file the returns. You should attach a copy of this letter to the returns you file. Questions concerning the filing of returns should be directed to the Ohio EP/EO key district office at 877-829-5500 (a toll free number).

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If you have any questions concerning the reasons for this ruling, please contact the person whose name and telephone number appear in the heading of this letter.

Sincerely,

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Robert C. Harper, Jr.
Chief, Exempt Organizations
Technical Branch 3

[REDACTED]